

King County Auditor's Office

Kymber Waltnunson, King County Auditor



King County

DATE: January 16, 2014

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltnunson, King County Auditor

SUBJECT: Follow-up on 2010 Performance Audit of King County Metro Transit Bus Procurement

Metro Transit has made significant progress in addressing all six of our 2010 audit recommendations to create a more robust and performance-based bus procurement process. For example, Transit has created a Fleet Planning Steering Committee composed of senior managers to oversee a number of bus procurement actions working in conjunction with the bus procurement team responsible for the operational aspects of bus procurement. In addition, Transit developed additional procurement procedures to ensure greater transparency and rigor around bus fleet alternatives as well as linking procurement decisions to Transit's strategic plan. Transit also is using three new performance measures related to cost, quality, and timeliness of bus procurements and has been tracking them back to procurements from 2008. Additional actions are needed, however, to fully implement recommendation 3 and to demonstrate the effectiveness of newly revised policies during procurement of new trolley buses during 2014-2015.

Of the 6 audit recommendations:

DONE	5	have been fully implemented
PROGRESS	1	is in progress or partially implemented
OPEN	0	remain unresolved

Please see below for details on the implementation status of these recommendations.

Implementation Status as of January 2014

#	Quick Status	Recommendation	Status Detail
1	DONE	Transit should develop a prioritized set of strategic procurement goals guided by council policy that are fully documented, communicated, and used to guide procurement processes and decisions.	Two groups within Transit, the Bus Procurement Team and Fleet Planning Steering Committee have developed procedures for considering how four strategic procurement goals—safety, cost effectiveness, customer satisfaction, and environmental protection—are considered during bus procurements. These two groups address how future procurements meet industry standards or regulatory requirements as well as selecting bus features that address customer satisfaction and the user experience. Transit provided examples of how the four goals were met during the recent procurement to replace the fleet of 158 existing trolley buses.
2	DONE	Transit should update procurement policies and procedures, ensuring that the structure of the procurement process efficiently facilitates strategic procurement goals and clarifies roles and responsibilities.	Transit has restructured some aspects of the procurement process including updating various procurement policies and procedures. Transit created a Fleet Planning Steering Committee and developed additional procurement guidance linked to the strategic plan and service guidelines. Several processes were updated such as those related to bus inspection and procurement team procedures.
3	PROGRESS	Transit should conduct and document annual retrospective processes to calculate and evaluate procurement performance measures and should develop action plans to improve outcomes; these processes should also consider the effectiveness of the measures and targets, and revisions that may make them more effective.	Transit developed performance measures for bus cost, quality and timeliness and tracked them for various procurements back to 2008 for cost and 2011 for quality and timeliness. How these measures are used and refined for future procurements will demonstrate successful implementation of this recommendation.
4	DONE	Transit should fully analyze the costs and benefits of an array of fleet alternatives that could deliver the potential range of future service and meet strategic goals before making final procurement decisions.	In 2012, Transit developed data sets related to capital, maintenance, and operating costs by fleet type as well as ridership data to evaluate the needs for its future fleet of buses. Procurement

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			decisions are based on life cycle cost analysis as well as the ability of different types of buses to provide varied levels of service and capacity. These variables are assessed against Transit's strategic goals when making procurement decisions. Transit conducted extensive outreach to the public and various stakeholder groups in developing trolley bus fleet alternatives.
5	DONE	For each bus procurement, Transit should estimate and compare the full cost and anticipated benefits of utilizing Transit staff to conduct on-site bus inspections versus contracting out this service and document the decision.	Transit completed analysis in 2012 demonstrating it was more cost effective to have Transit employees conduct on-site inspection activities. In addition, in-house inspections provide greater institutional knowledge and expertise for subsequently operating and maintaining newly acquired buses.
6	DONE	Transit should update its inspection policy and procedure, defining specific methods to achieve quality and ensuring accountability and ensure that inspection processes and forms reflect a rigorous approach to all phases of the inspection process.	In 2011, Transit developed additional bus assembly inspection policies and procedures including detailed checklists associated with a number of inspection activities. The pre-inspection reports and checklists included greater specificity and rigor compared to prior practices.

If you have any questions regarding this follow-up letter or the implementation status of any of the audit recommendations, please contact Ben Thompson, Deputy County Auditor, at 206-477-1035.

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